

SUPER NEIGHBORHOOD GROUP OVERVIEW

Any meaningful interpretation or understanding of the market requires an analysis of each of the five Super Neighborhood Groups, as defined above. Each of these Super Neighborhood Groups is dramatically different and the market fundamentals get lost in aggregate market median interpretations.

These market groupings were identified based on an analysis of the natural/man-made boundaries, institutional presence, ethnicity, income and development patterns that characterize each area.

What follows is an analysis of the key findings for each of these Super Neighborhood Groups in terms of eight strategic areas of analysis.

Near Northside

THE NEAR NORTHSIDE

1. Key Consumer Characteristics

In essence this is a strong, young and growing Mexican American and Mexican community of approximately 10,000 households. This is a market that is increasingly younger in age (Drill Down median age is 22 years old versus 28 years in the Census 1990) and generally a family household market, with a significant concentration of households with four or more people – 38.4%.

2. Size

Residential: The Drill Down revealed a market 27.0% larger than Census 2000 – approximately 33,700 people as compared with a Census 2000 finding of 26,500. There was a commensurate variance in household count: Drill Down 9,989 versus the Census 2000 finding 7,906. This is a conservative population count based on documented households.

Density: Approximately 46.2% of the land is non-residential in nature and in light of the lack of zoning there is significant mix of land use in the market. As a result, density appears relatively low when measured on a per-acre basis. Density averages 4.1 households or 13.8 persons per-acre.

Employees: In addition to this residential population, there were 605 documented businesses in the market employing 5,950 people with combined sales revenue of \$1.2 billion. Near Northside's 198 retail businesses generated \$250 million in sales in 2000.

3. Change in Market

Change in Size: The Drill Down population reflects a change in market size from 1990 of 30.4% compared with a 2.7% increase according to Census 2000.

Potential Market Expansion Capacity: Based on real estate development patterns, current land use and land availability, it is very conservatively projected that this market can support the development of 10.3% or 1,000 more units in the coming ten years. This compares with a Claritas projection of a 0.4% constriction in the market over the next five years.

4. Buying Power

Income: Average household incomes of \$28,474 (adjusted for the cash economy) represent a 31.4% increase over 1990 income of \$21,668. However when inflation adjustments are taken into consideration, incomes fall short of the \$29,509 that would be required to achieve 1990 inflation-adjusted incomes in 2000.

The Cash Economy is a significant factor in this market, contributing approximately \$45.4 million, or 16.0%, to the aggregate household income figure of \$284 million.

Unbanked Households: 43.9% of the households in the market do not have a documented banking relationship.

5. Real estate Activity

Home Values: Based on all recent (2000 and first half 2001) single-family home sales (181) in the market, home values have appreciated significantly since 1990, 69.3% to a median sales value of \$81,745. Additionally, the permit values of newly constructed single-unit properties (56) reflect a median value of \$53,350.

Owner Occupancy: Homeownership when measured at a building level is far higher – 58.0% – than when measured at a unit level – 39.0%. This is a function of the housing stock – 40.0% of the units are in 2 – 9 unit buildings in which the owner generally resides in one of the units and rents out the other units.

In light of the fact that the Drill Down uncovered approximately 19.0% or 1,600 more housing units than Census 2000, Drill Down owner occupancy at a unit level is lower (39.0%) than census (48.4%).

6. Market Change Indicators

- Population Growth: 30.4% increase over Census 1990
- Home Value Appreciation: 69.3% over 1990 (based on recent sales)
- Vacancy at a unit level: declined from 13.7% in 1990 to 7.8% in 2000 based on census figures
- Owner Occupancy at a building level: 58.0%
- Building Permits: 8.7% of all buildings had permits

7. Risk/Stability Indicators

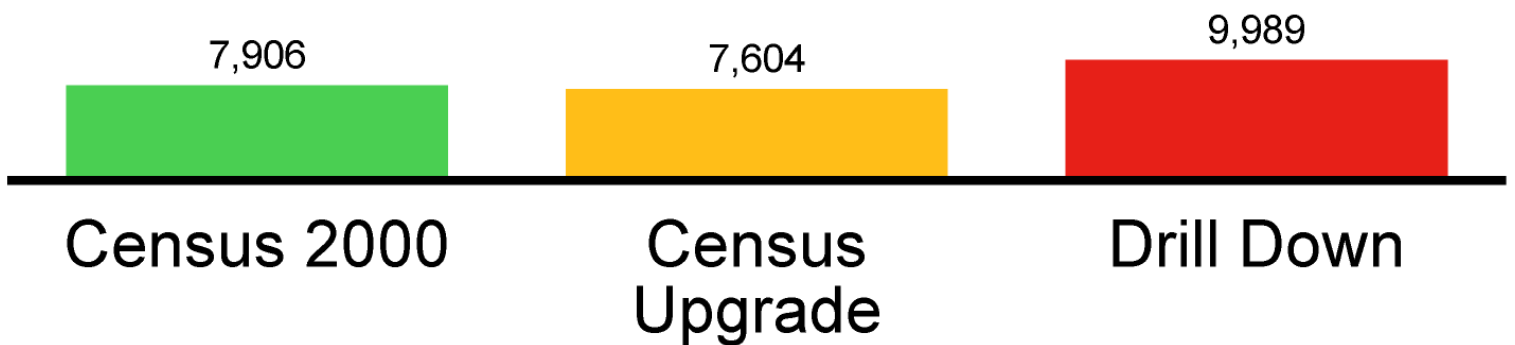
- Crime: All crime declined 4% between 1997 and 2000, with property crime down 4.5% and violent crime down 1.7%. The incidence of crime per thousand persons was 48.77 in 2000. This compares with 67.42 incidents of crime per thousand for the City of Houston.
- Owner Occupancy: Unit level: 39.0%; Building level 58.0%
- Vacancy at a unit level: declined from 13.7% to 7.8% between 1990 and 2000 based on census

8. Major surprises and findings dramatically inconsistent with mainstream market research

In essence, the Near Northside is a far larger market in terms of households/population than reflected by Census 2000 with a very robust retail market. This is a young, Mexican American and Mexican growth market with some very substantial untapped opportunities including a substantially unbanked market (43.9% of households) and over 600 businesses generating more than \$1.2 billion in revenue. Perhaps most significantly, this is a destination market – reflected by the volume of retail sales: \$250 million, a number almost comparable to aggregate household incomes (\$280 million) in the market.

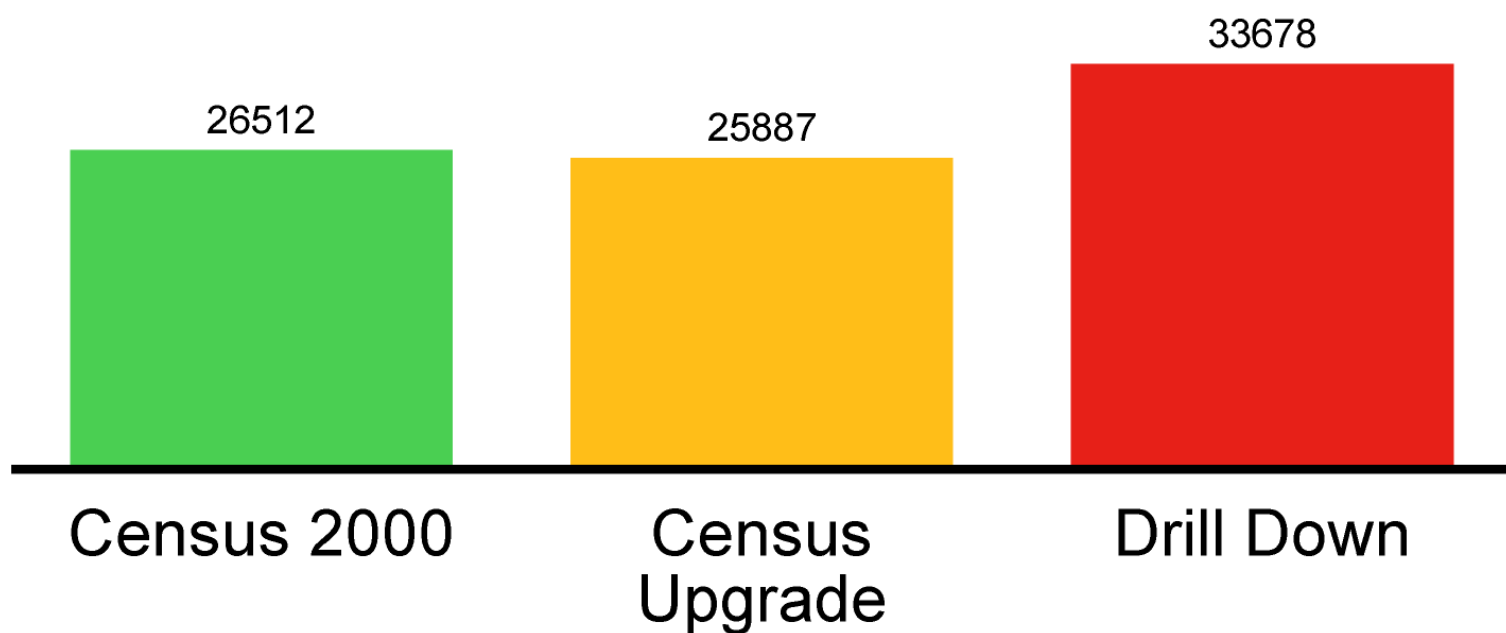
Houston – Near Northside

Number of households



Houston – Near Northside

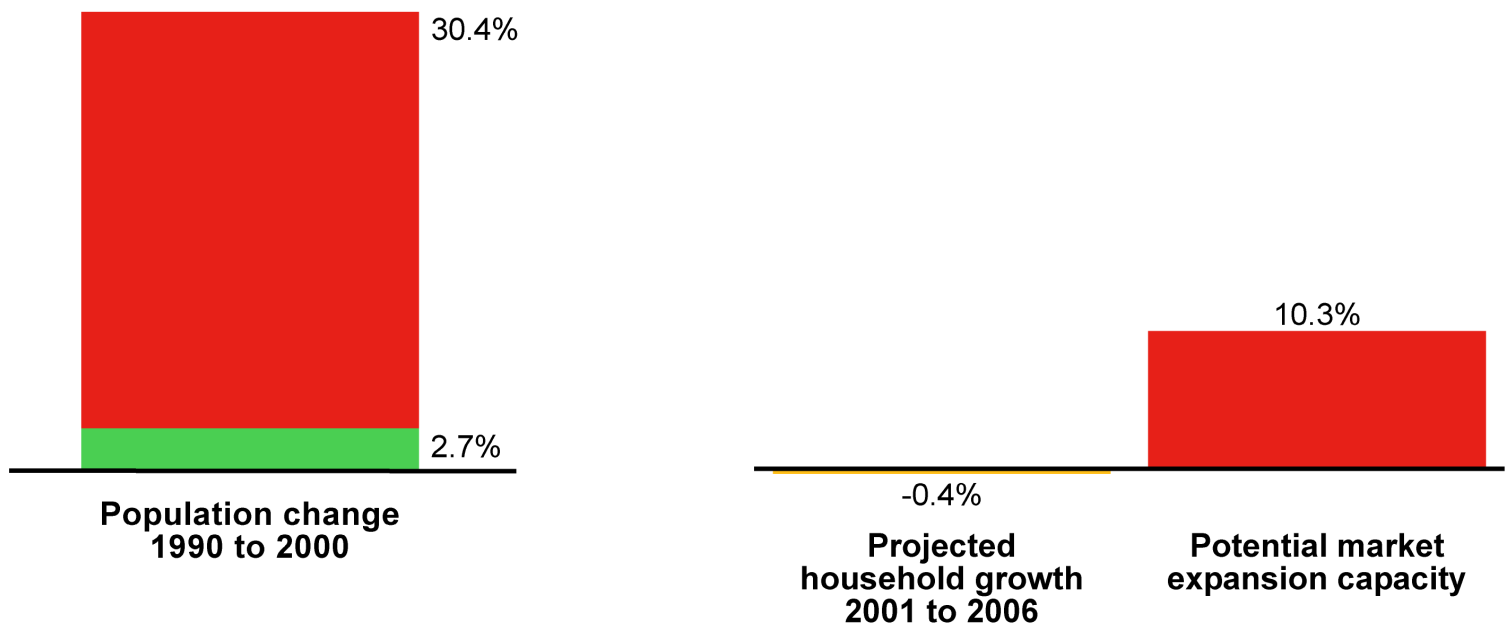
Population 2000



Houston – Near Northside

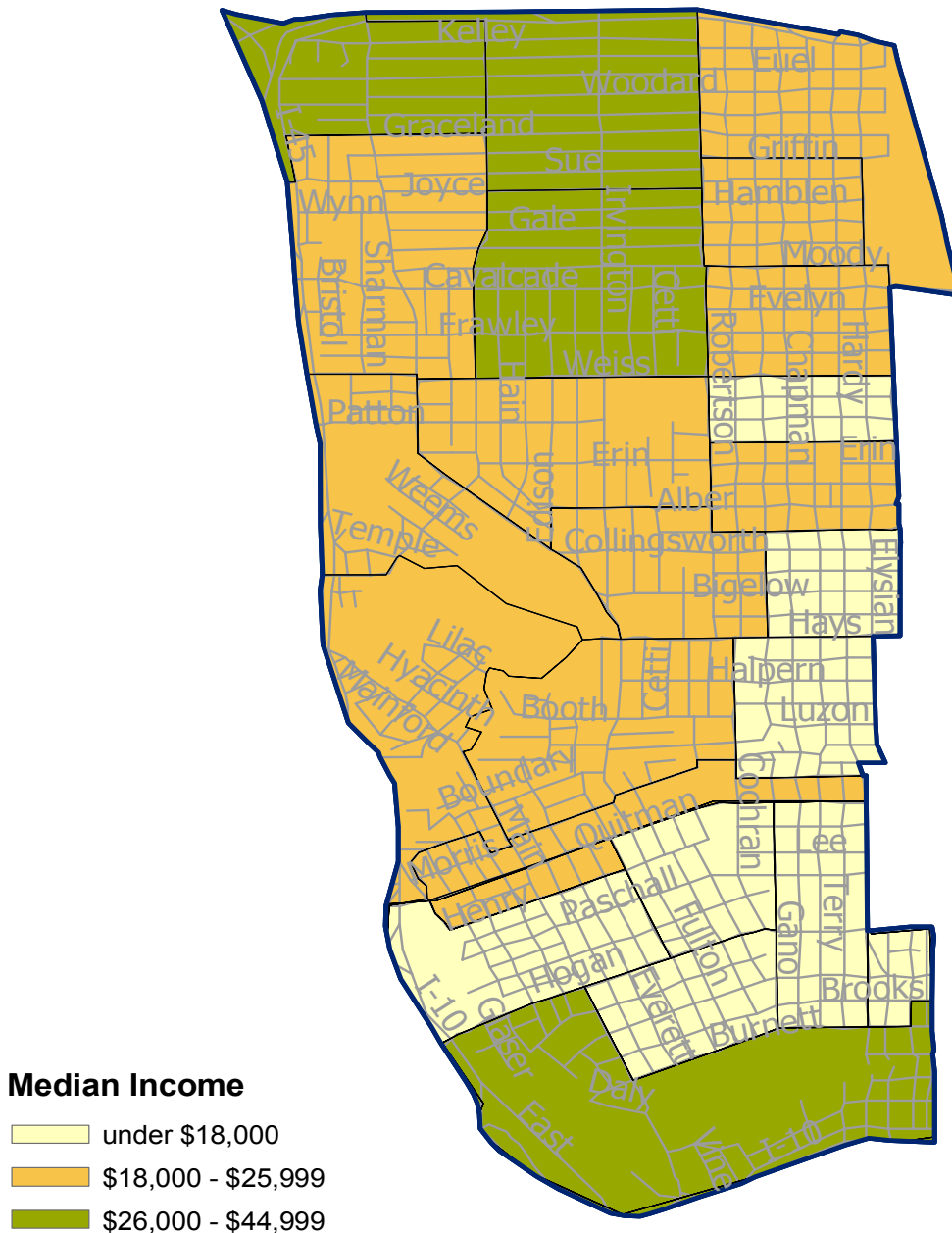
Change in population (% change 1990 to 2000)

Census 2000 Drill Down Census Upgrade



Houston Near Northside

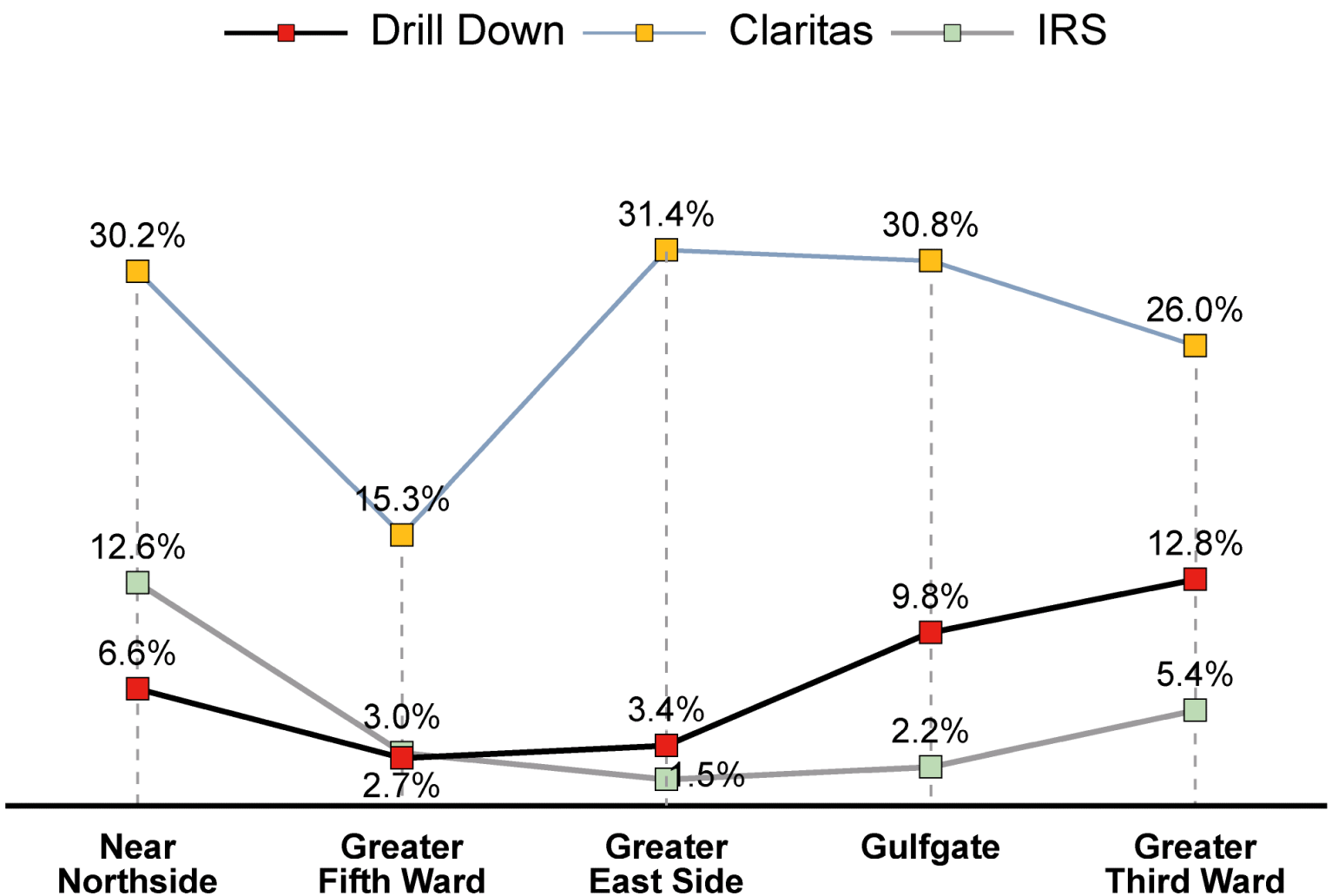
Drill Down Median Household Income



median income = \$16,934

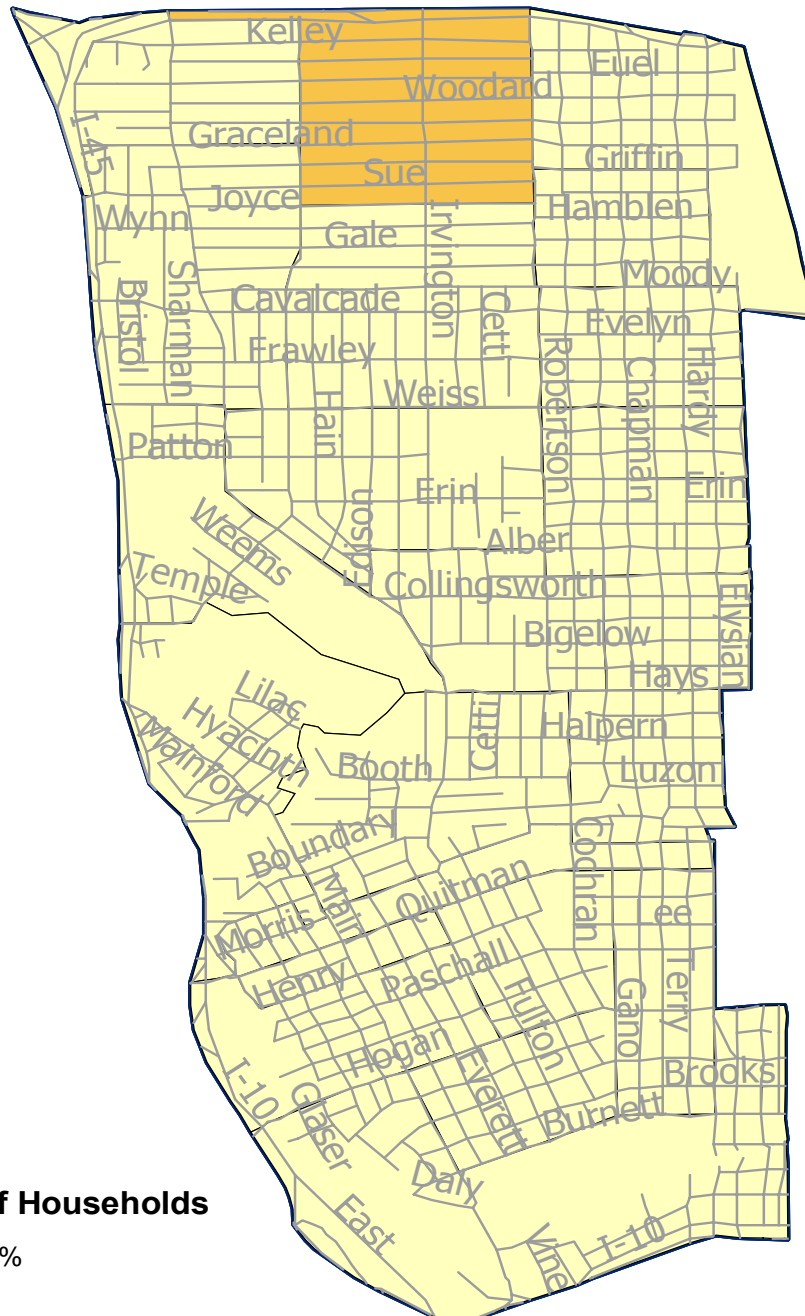
Houston

Households with incomes over \$50,000 by group



Houston Near Northside

Drill Down Households with Income over \$50,000



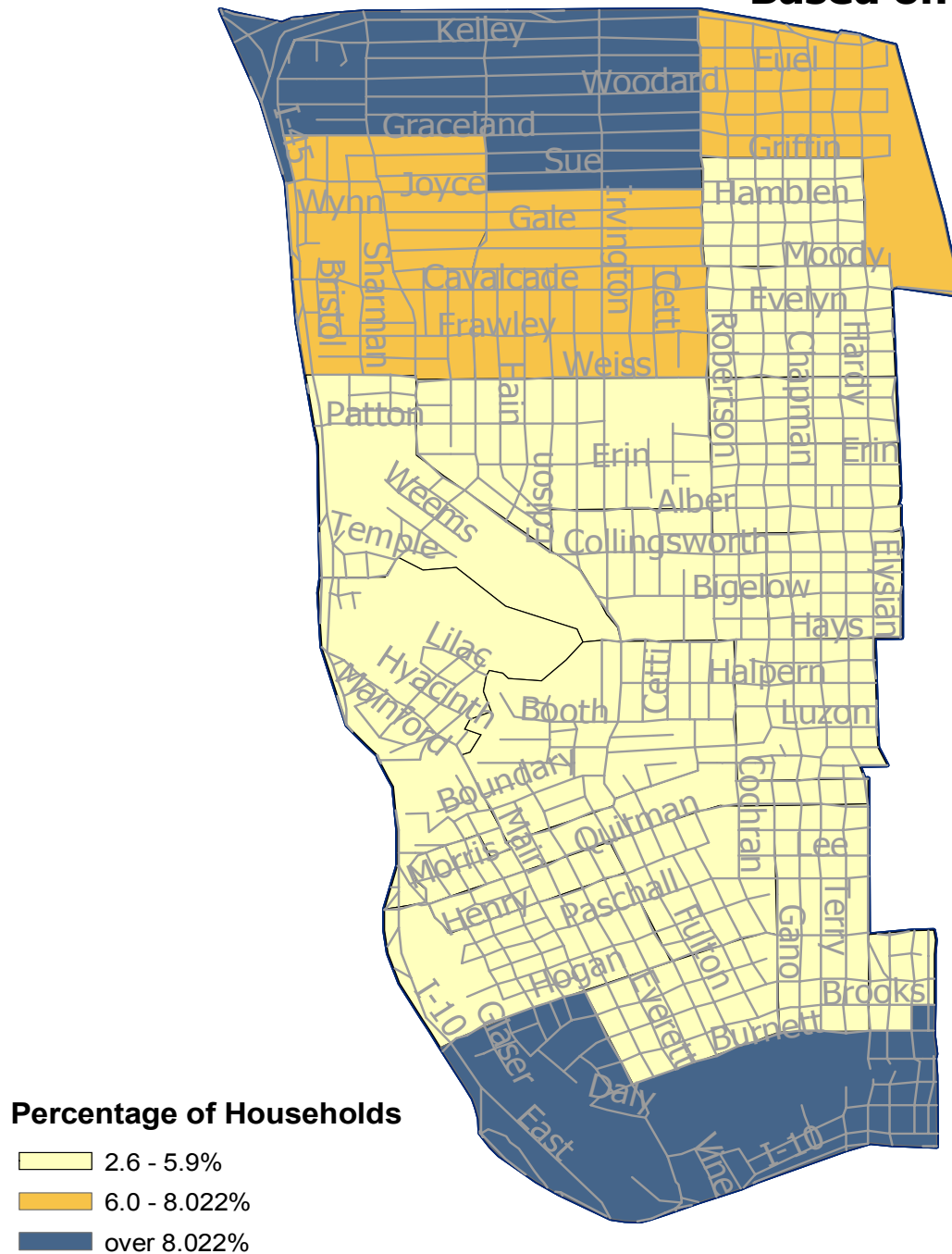
Percentage of Households

- under 15%
- 15 - 30%

9,989 total households

Houston Near Northside

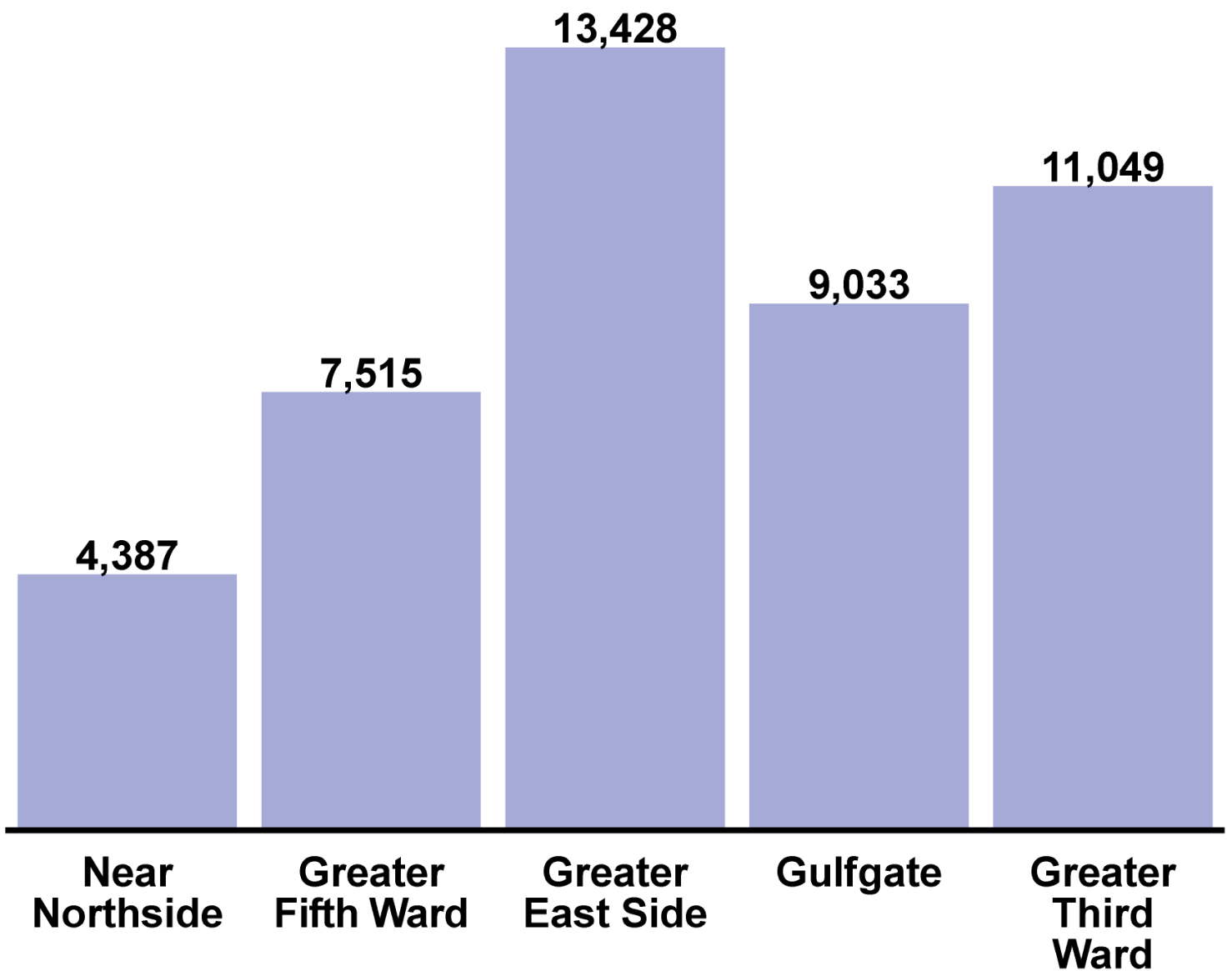
Drill Down Households with Income over \$50,000 Based on IRS



9,989 total households

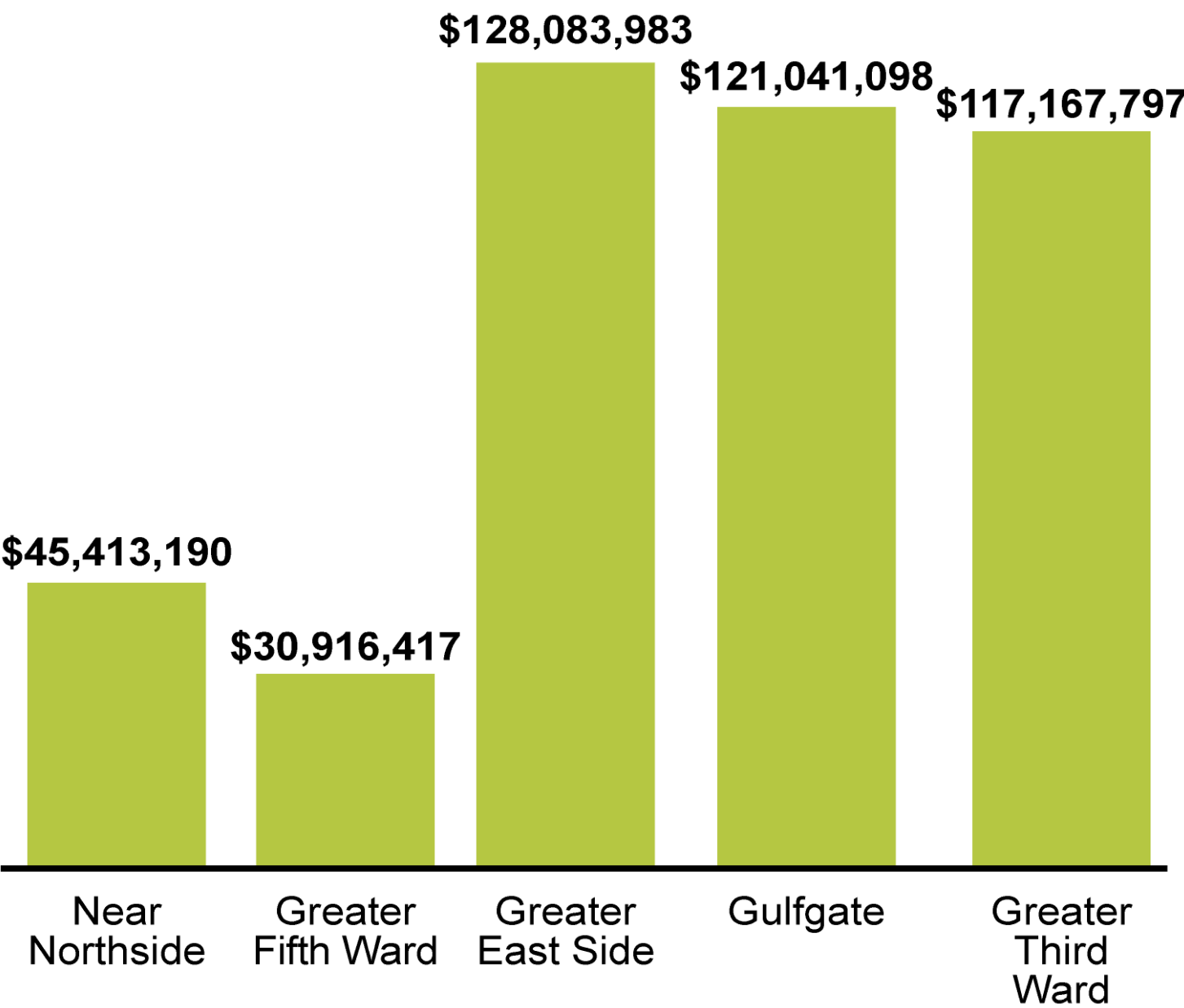
Houston

Households without documented banking relationship by group



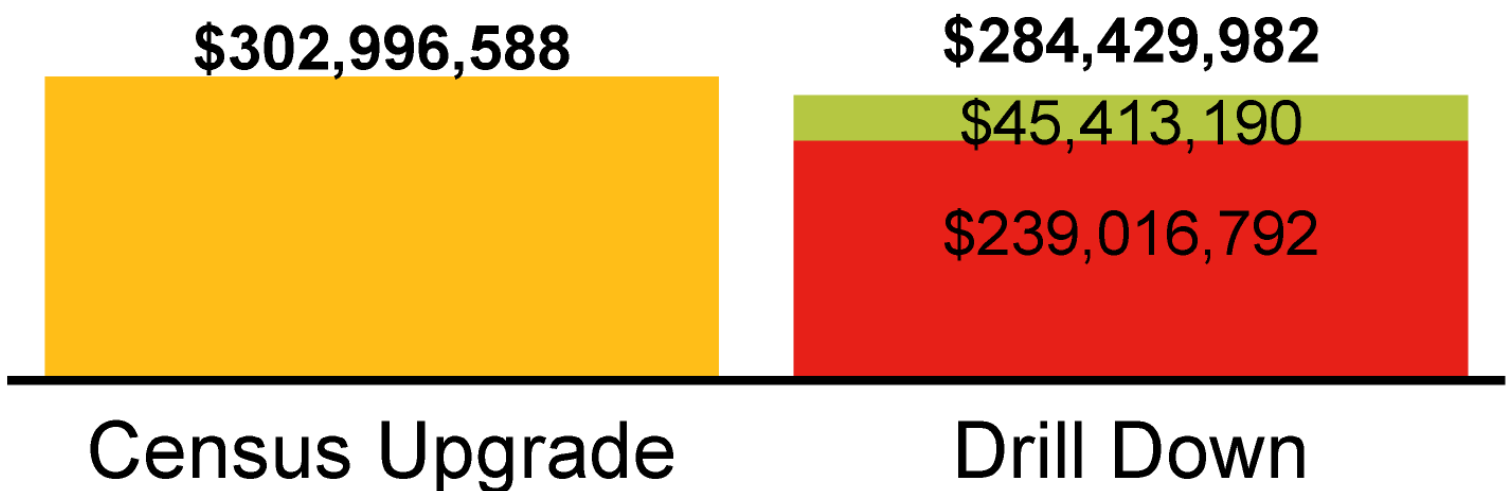
Houston

Cash economy by group



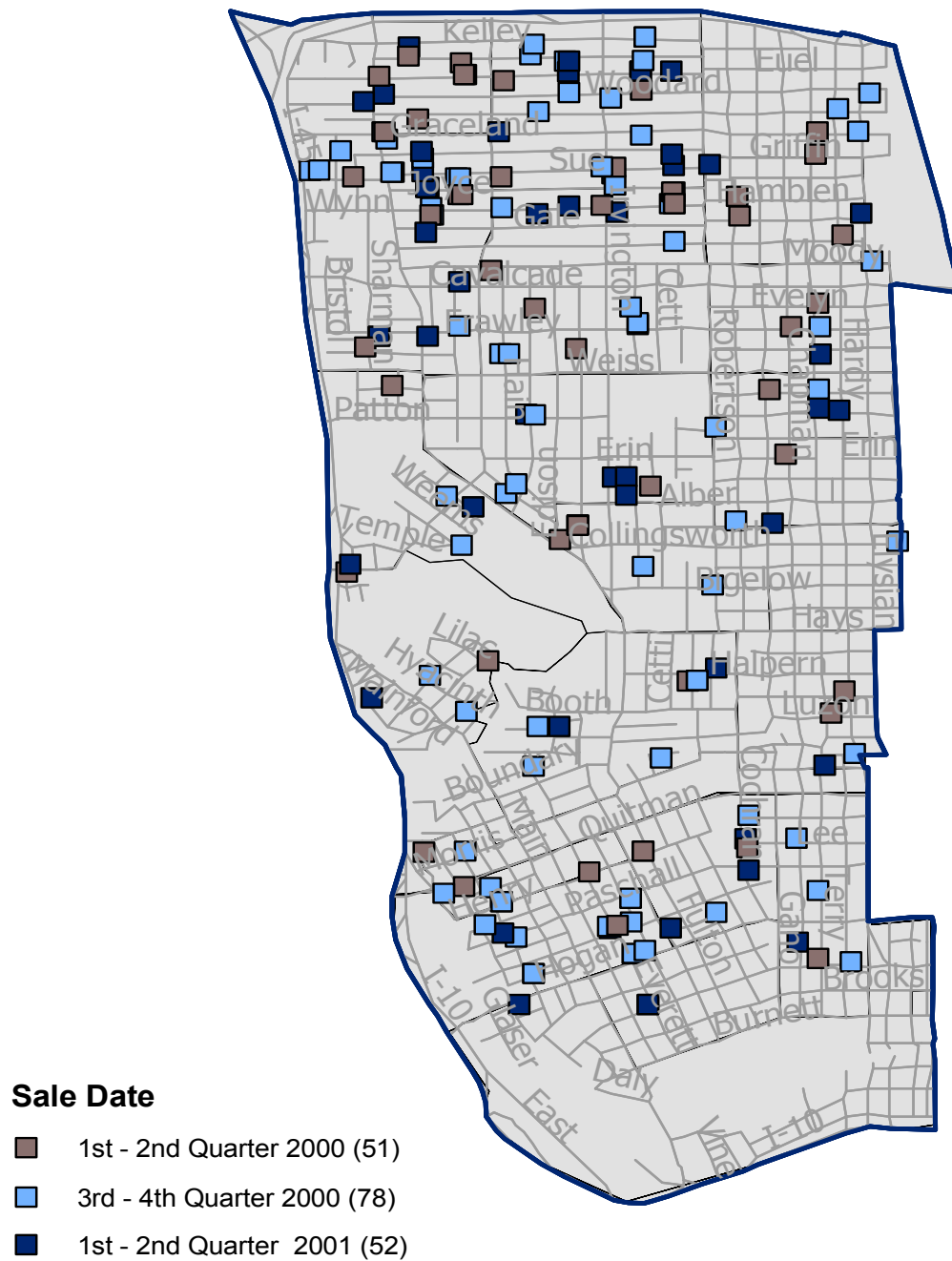
Houston – Near Northside

Aggregate expenditure capacity



Houston Near Northside

**Single Family
Home Sales Date
Jan 2000 - June 2001**



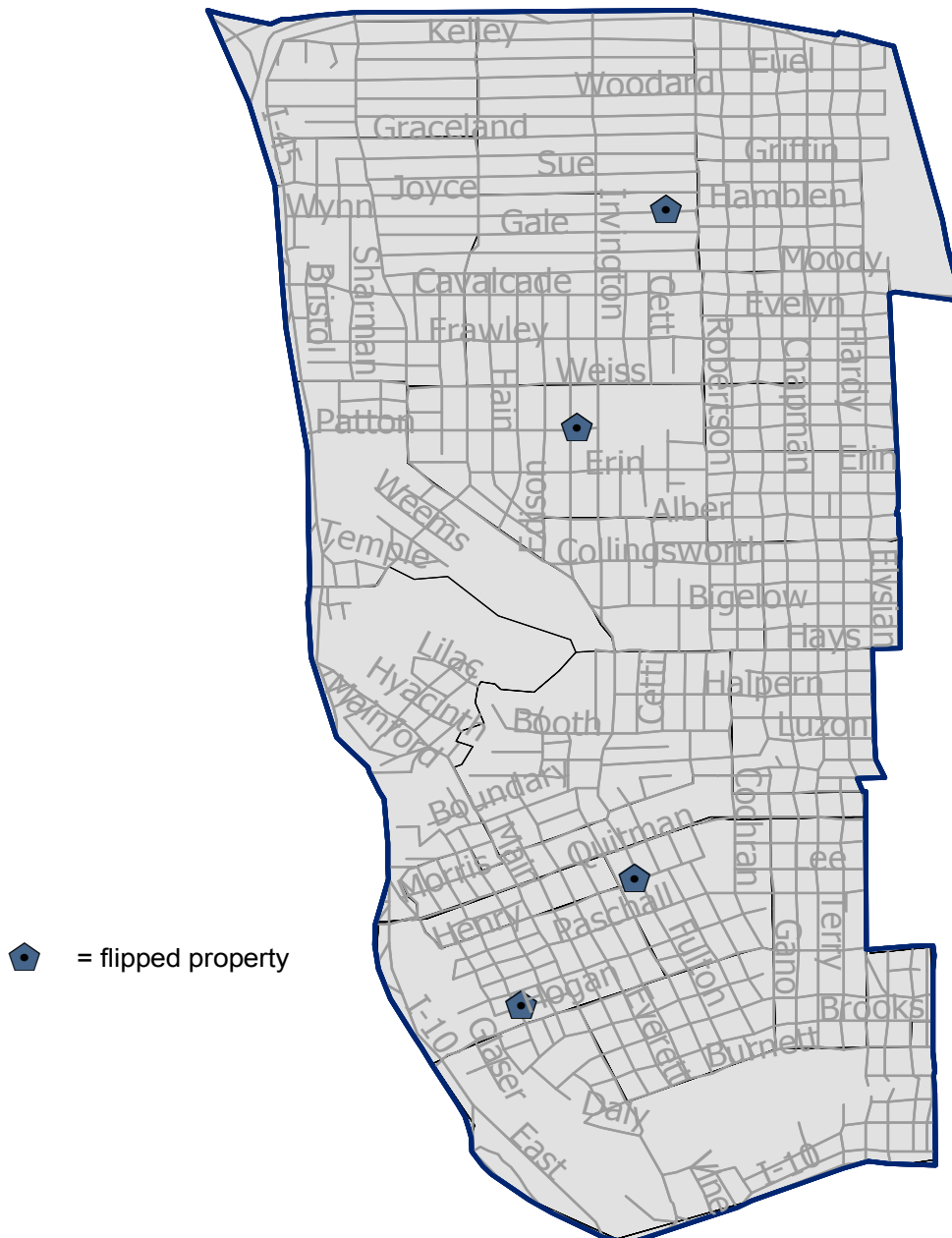
181 total single family home sales

Single Family Home Sales Value Jan 2000 - June 2001



Houston Near Northside

**Properties that Flipped*
Jan 2000 - June 2001**

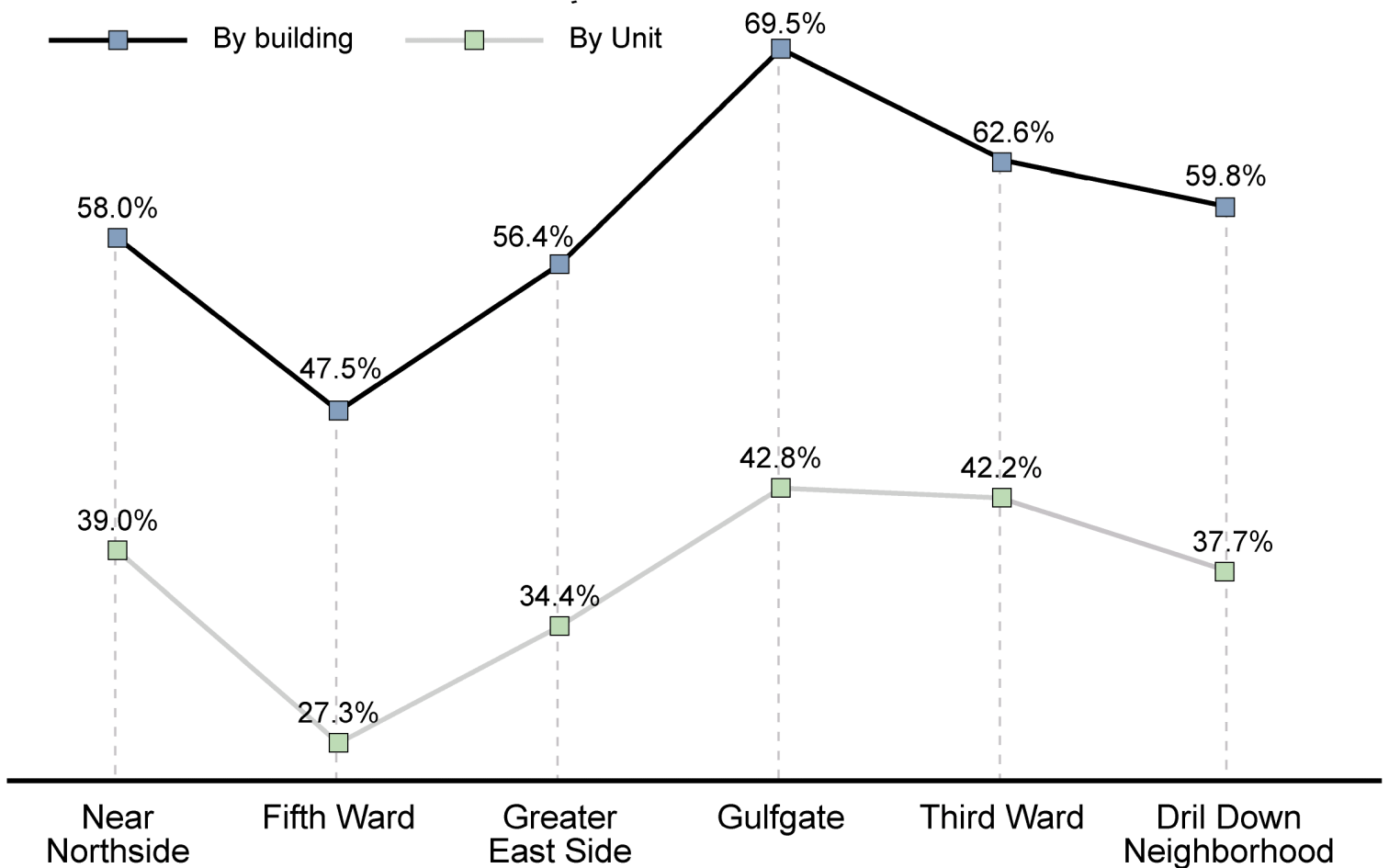


4 total flipped properties

***a property is flipped when it is purchased
and quickly resold for a large profit.**

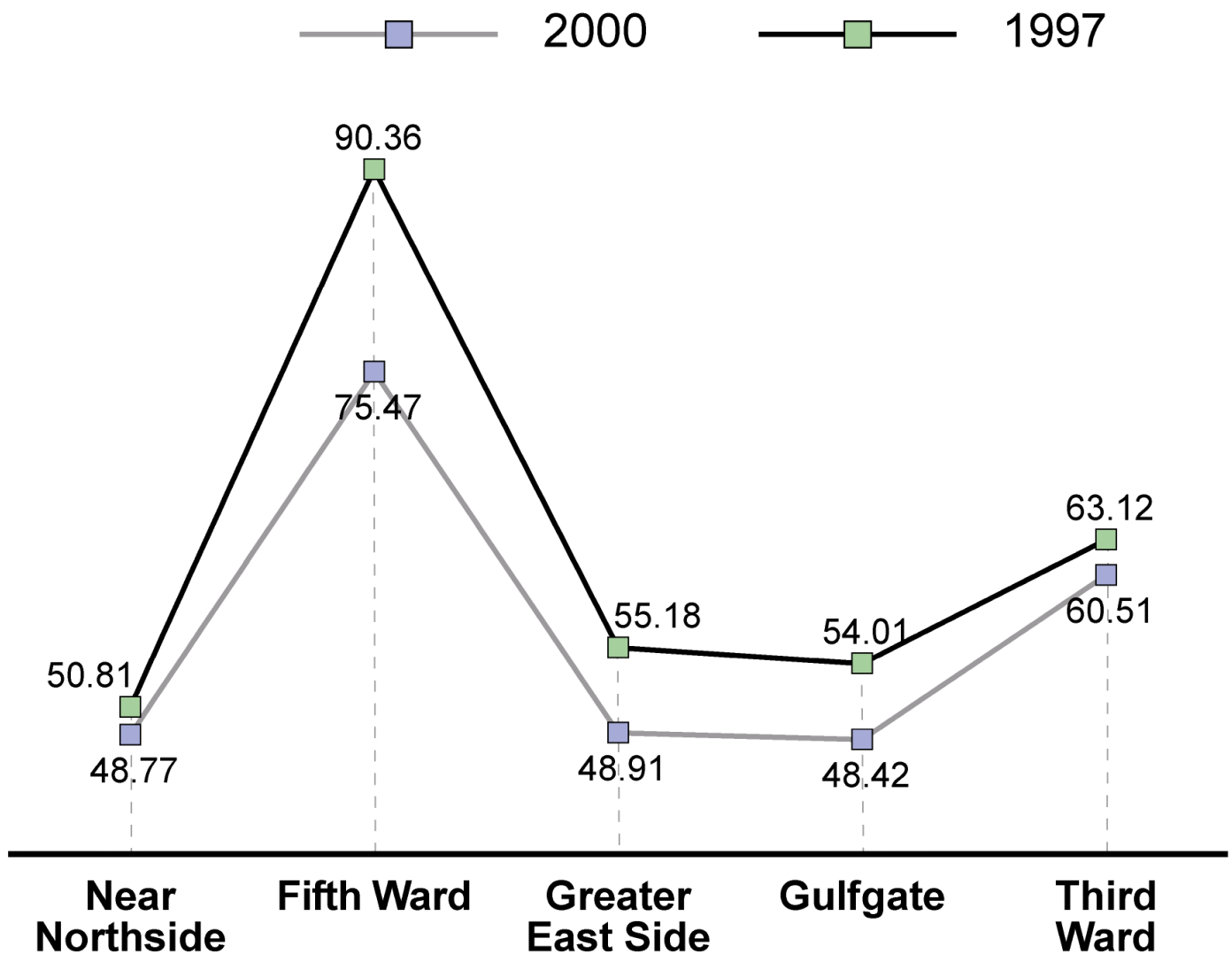
Houston

Owner Occupancy by group



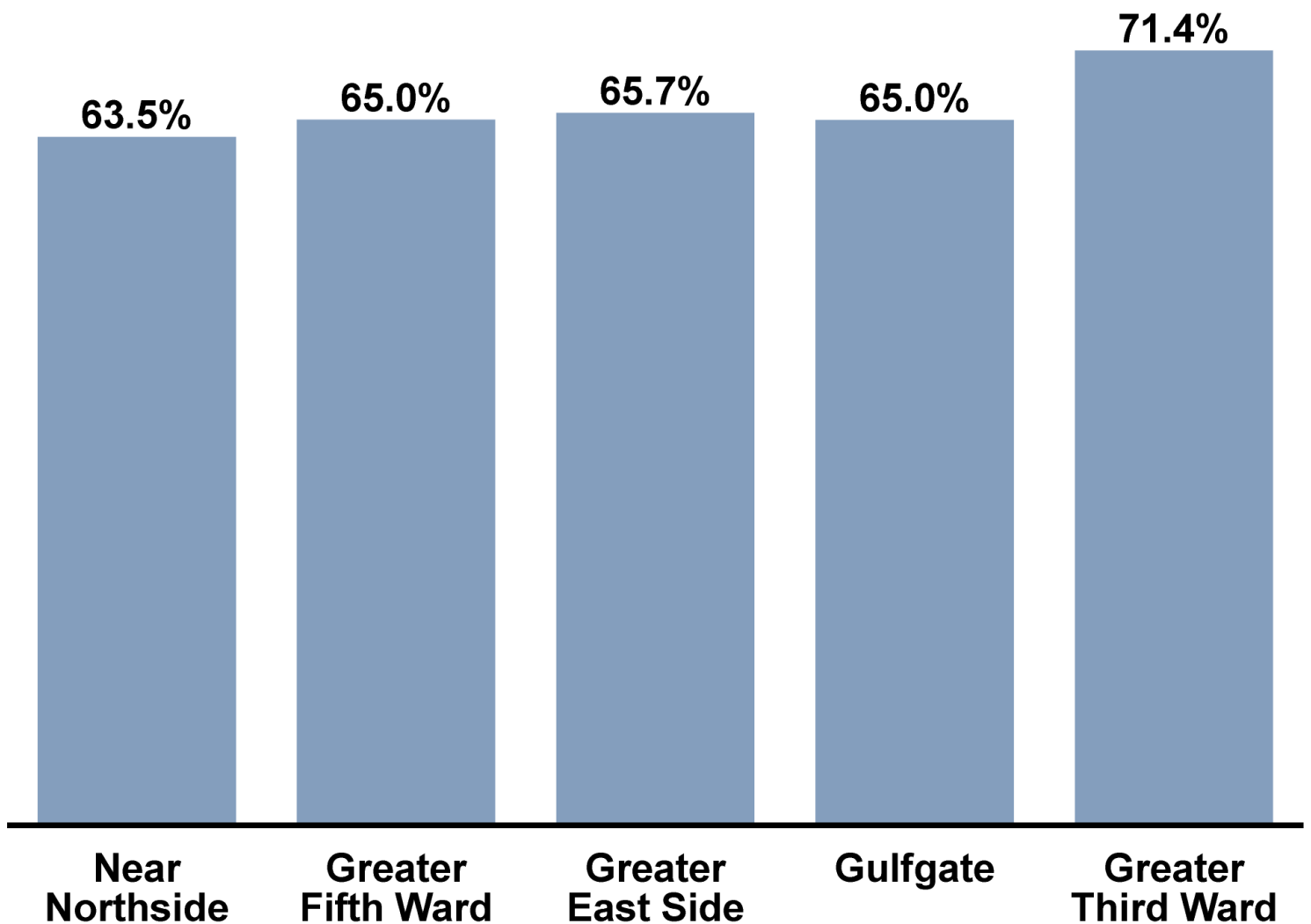
Houston

Total incidents of crime by group (2000 versus 1997)



Houston

Percentage of businesses with history over three years



Houston

Number of businesses in Drill Down Super Neighborhoods

